

Message Text

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ACTION EA-14

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SUBJ: GOP MEASURES TO DEAL WITH PETROLEUM AND OTHER
COMMODITY PRICE INCREASES

1. ON FEBRUARY 16 GOP ANNOUNCED SERIES OF
PRESIDENTIAL ACTIONS TO DEAL WITH ACCUMULATED
INFLATIONARY PRICE INCREASES OF PETROLEUM AND OTHER
COMMODITIES SOLD IN THE WORLD MARKET. PRESIDENT MARCOS
EXPLAINED RATIONALE OF ACTIONS IN MAJOR SPEECH TO
NATION FEB 17. FOLLOWING ARE MAJOR ACTIONS TAKEN:
(A) STEEP INCREASE IN PRICES OF PETROLEUM PRODUCTS
INCLUDING SHARP INCREASE IN SPECIFIC TAX; (B) INCREASE
IN BUS AND JEEPNEY FARES; (C) INCREASE IN PRICES FOR
FERTILIZER FOR FOOD CROPS; AND (D) GRANTING MONTHLY
LIVING ALLOWANCE OF 50 PESOS FOR LOW AND MEDIUM
SALARIED GOVERNMENT EMPLOYEES; DOUBLING OF EXPORT TAX LEVIED ON
TRADITIONAL EXPORT COMMODITIES.

2. PRICE INCREASES GRANTED TO PRODUCING COMPANIES FOR PETROLEUM
PRODUCTS ON WEIGHTED AVERAGE BASIS WITH LIGHTER
PRODUCTS, PARTICULARLY MOTOR GASOLINE, BEING INCREASED
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MORE THAN RESIDUALS. MOGAS WAS GIVEN GREATEST INCREASE
OF 25 CENTAVOS. SPECIFIC TAX ON GASOLINE WAS INCREASED

80 PERCENT FROM 14 TO 25 CENTAVOS PER LITER. INCREASES ON OTHER PRODUCTS VARIED FROM ONE CENTAVO ON BUNKER OIL TO 20 CENTAVOS PER LITER ON LUBRICATING OIL. NEW PREMIUM GAS PRICE AT PUMP IS PESOS 1.02 PER LITER (VICE 64.5 CENTAVOS). PRICES ALL LOCALLY REFINED PRODUCTS INCREASED. IMPORTED PRODUCTS ARE EXEMPTED.

3. PRICE INCREASE FOR TRANSPORTATION IN MANILA APPLIES ONLY TO JEEPNEYS AND BUSES. TAXI FARES WERE NOT INCREASED BUT THERE ARE INDICATIONS THAT TAXI RATES WILL GO UP IN NEAR FUTURE. RATES FOR PROVINCIAL TRANSPORTATION ALSO WERE INCREASED. THIS IS FIRST INCREASE IN JEEPNEY AND BUS FARES SINCE 1970.

4. FULL TEXT OF EXECUTIVE ORDER IMPOSING PREMIUM DUTIES ON EXPORT COMMODITIES BEING SENT SEPTTEL. EFFECT OF NEW TAX IS TO DOUBLE AMOUNT PAID UNDER EXISTING EXPERT TAX SCHEDULE.

5. FERTILIZER PRICES FOR FOOD CROPS WERE INCREASED BY 70 TO 140 PERCENT DEPENDING ON TYPE. SUBSIDIES HAVE BEEN PAID BY GOVERNMENT FOR FERTILIZER APPLIED TO RICE, CORN AND FEEDGRAIN CROPS, AND SOME SUBSIDY WILL BE CONTINUED. FERTILIZER INDUSTRY AUTHORITY ESTIMATES COST OF PRICE SUBSIDY PROGRAM WILL BE 200 MILLION PESOS IN 1974. ORDER DOES NOT APPLY TO FERTILIZER USED FOR SUGAR AND OTHER EXPORT CROPS WHICH HAS NOT BEEN SUBSIDIZED.

6. FIFTY PESO ALLOWANCE WILL APPLY ONLY TO GOVERNMENT WORKERS EARNING 600 PESOS A MONTH OR LESS. PRIVATE SECTOR WAS ALSO ASKED TO PROVIDE SIMILAR FLEXIBLE WAGE SUPPLEMENT, BUT PUBLIC INFORMATION SEC TATAD INDICATED IN PRESS BRIEFING THAT GOP WOULD NOT IMPOSE GENERAL WAGE INCREASE. ALLOWANCE WILL NOT BE ACROSS THE BOARD. THOSE EARNING 550 PESOS PER MONTH AND ABOVE WILL BE GIVEN DIFFERENCE BETWEEN SALARY AND 600 PESOS. THOSE BELOW 550 WILL RECEIVE 50 PESOS.

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7. PRESIDENT ALSO ANNOUNCED REDUCTION IN REAL ESTATE TAXES BY 20 PERCENT FOR 1974, 15 PERCENT FOR 1975, 10 PERCENT FOR 1976, AND 5 PERCENT FOR 1977. THIS MEASURE, HE SAID, SHOULD RELIEVE THE SQUEEZE RESULTING FROM GENERAL PRICE INCREASES AND WAS TAKEN "ON THE INSTANCE AND UPON THE REQUEST OF MANY OF OUR CITIZENRY".
SULLIVAN

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